



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 3, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **MEXICAN AMERICAN OPPORTUNITY FOUNDATION CONTRACT
REVIEW – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Mexican American Opportunity Foundation (MAOF or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with MAOF, a private non-profit organization to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. MAOF is located in the First District.

MAOF is compensated on a cost reimbursement basis and has a contract for \$154,000 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of the review was to determine whether MAOF complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, MAOF provided the program services to eligible participants and maintained sufficient internal controls over its business operations. In addition, MAOF's expenditures were generally allowable, accurately billed and supported by documentation as required. However, for one (33%) of three employees sampled, MAOF did not indicate the hours worked each day by program as required. Details of our review are attached.

Review of Report

We discussed our report with MAOF and CSS on January 21, 2009. In their attached response, MAOF concurred with our one recommendation.

We thank MAOF for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

JTM:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer
- Cynthia D. Banks, Director, Department of Community and Senior Services
- Martin Castro, President and CEO, Mexican American Opportunity Foundation
- Cris Hernandez, Chairperson, Mexican American Opportunity Foundation
- Public Information Office
- Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
MEXICAN AMERICAN OPPORTUNITY FOUNDATION
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Mexican American Opportunity Foundation (MAOF or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (45%) of the 22 participants that received services from July to October 2008 for documentation to confirm their eligibility for WIA services.

Results

All ten participants sampled met the eligibility requirements for the WIA Youth Program.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 10 (45%) participants that received services from July through October 2008. We also interviewed three participants.

Results

The three participants interviewed stated that the services they received met their expectations. In addition, MAOF provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOMES REVIEW

Objective

Determine whether MAOF met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

At the time of our review, the performance outcomes for Fiscal Year (FY) 2008-09 were not available. As such, we compared the Agency's FY 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract.

Results

MAOF met all the FY 2007-08 planned performance outcomes outlined in the County contract for the WIA Youth Program.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's September 2008 bank reconciliation.

Results

Generally, MAOF maintained adequate controls to ensure that revenue is properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 86 non-payroll expenditure transactions billed by the Agency for July, August and September 2008, totaling \$12,441.

Results

Generally, MAOF's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendations

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals and conducted an on-site visit.

Results

Generally, MAOF maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

The objective of this section is to determine whether MAOF's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as MAOF did not use WIA funds to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurances for the employees assigned to the WIA program.

Verification

We traced the payroll expenditures invoiced for three employees and six participants totaling \$8,443 for September 2008 to the Agency's payroll records and time reports. We also reviewed the personnel files for three employees assigned to the WIA program.

Results

Generally, MAOF appropriately charged the payroll expenditures to the WIA Youth Program. However, for one (33%) of three employees sampled, MAOF did not indicate the hours worked each day by program as required by Part B, Section 3.1 of the Auditor-Controller Contract Accounting and Administration Handbook. The total amount of unsupported payroll expenditures was immaterial. However, MAOF management should ensure that payroll expenditures are adequately supported as required.

Recommendation

- 1. MAOF management maintain adequate documentation to support payroll expenditures.**

COST ALLOCATION PLAN**Objective**

Determine whether the Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed MAOF's Cost Allocation Plan and a sample of expenditures incurred by the Agency during July, August and September 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, MAOF's Cost Allocation Plan was prepared in compliance with the County contract and shared expenditures were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoice was reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2007-08 general ledger to the Agency's final close-out invoice for FY 2007-08. We also reviewed a sample of expenditures incurred in June 2008.

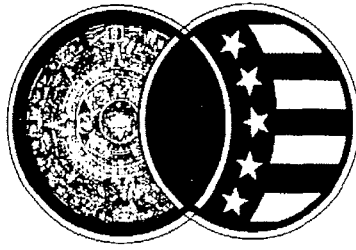
Results

Generally, MAOF's FY 2007-08 final close-out invoice reconciled to the Agency's general ledger for FY 2007-08

Recommendation

There are no recommendations for this section.

MEXICAN



AMERICAN OPPORTUNITY FOUNDATION

401 North Garfield Avenue • Montebello, CA 90640 • (323) 890-9600

*Celebrating 43 years of community services
1963 - 2006*

January 30, 2009

Wendy L. Watanabe, Acting Auditor Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, California 90071
Attention: Yoon Bae

Re: Mexican American Opportunity Foundation, Contract Review
A Community and Senior Services Workforce Investment Act Program
Provider- Fiscal Year 2008-09

PAYROLL AND PERSONNEL

MAOF appropriately charged the payroll expenditures to the WIA Youth Program. However, MAOF did not indicate the hours worked each day by program as required by Part B, Section 3.1 the Auditor-Controller Contract Accounting and Administration Handbook for one (33%) of three employees sampled. The total amount of unsupported payroll expenditures was immaterial. However, MAOF management should ensure that payroll expenditures are adequately supported as required.

MAOF Management will ensure adequate documentation to support payroll expenditures.

If there are any questions or need clarifications please contact Cathy Lugtu
Financial Manager at (323) 278-3665.

Thank you,

Martin Castro
President CEO
Mexican American Opportunity Foundation